



**Testimony
Betsy Gara
Executive Director
Connecticut Council of Small Towns
Before the
Planning & Development Committee
February 24, 2014**

**OPPOSE – SB-38 - AN ACT CONCERNING THE INTEREST RATE ON DELINQUENT
PROPERTY TAXES**

The Connecticut Council of Small Towns (COST) opposes SB-38, which would give towns the option to charge interest on delinquent property taxpayers at a rate of between 15% and 18%.

This proposal is certainly better than legislation introduced in previous years which would have required towns to lower the interest rate to 12% or allowed towns to set the rate at not less than 12% or more than 18%. However, we continue to have concerns that this provision will put pressure on towns to lower the interest rate, resulting in a loss of much needed revenue to the town.

The rate of interest is designed to encourage payments to be made on time. The rate also serves to compensate municipalities for the loss that occurs when revenue is not paid in a timely manner.

By authorizing towns to lower the interest rate, this bill would provide relief to delinquent taxpayers at the expense of residents and businesses who pay their taxes on time.

Moreover, the municipal interest rate on delinquent property taxes is lower than what the state charges, when you factor in penalties. For example, the state imposes a penalty of 15% of the tax due plus 1% per month interest on delinquent sales taxes and a penalty of 10% of the tax due plus 1% per month interest on delinquent income taxes.

COST urges rejection of this bill.

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